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adequate motor-bus communications with most of the villages.

Manama is the shipping centre of the Gulf pearl industry,[1] and steamers connect regularly with India, Persia, and Iraq. Bahrain harbour is also the centre of a considerable coastal and pearling trade by dhows, as well as the local headquarters of its fishing industry. Other local industries are dhow-building and the manufacture of sailcloth and reed matting. Much of the import and export trade from al-Hasa and its hinterland passes through Bahrain, and this created an important source of revenue during the years in which Aramco was developing its oilfields on the Saudi coast. Lately, however, the Saudis have perceived the advantage of conducting this trade for themselves. By establishing a high-cost re-entry permit, they have discouraged the foreign staff of the oil company from doing its week-end shopping in Bahrain, and their policy is to increase the port and market facilities of the two Saudi coastal towns opposite the island—Damman and Al Khobar. In Bahrain there is a duty of 5 per cent ad valorem on essential imports such as food and clothing; non-essential imports are subject to higher duties, ranging between 15 per cent on tobacco and liquor, and 10 per cent on luxuries.

History and Foreign Relations

The presence in the northern part of Bahrain Island of numerous burial tumuli indicates very early human inhabitants, but their identity, which was at one time thought to be Phoenician, remains unknown. Bahrain's situation and natural harbour facilities suggest that from the earliest days of sea navigation in the Gulf the port was important. Its recorded history, however, dates only from 1507, when the Portuguese occupied the island. They built a fort of which the ruins survive, but were driven out in 1602 by an Arab invasion from Persia. Bahrain was held by Persia intermittently until 1783, when it was conquered by Arabs from the mainland. Since 1816 it has been ruled by the Khalifa family of the Utubi tribe, which in 1820 first entered into treaty relations with the East India Company. But the Persian Government has never ceased to claim sovereignty over the island and at intervals has protested against British treaties with the Shaikh. The Persian claim is based on a British Note of 27 April 1869 in which (the Persians allege)[2] Lord Clarendon recognized their title to sovereignty over the

[1] This has long been important, and in the 1830's the fisheries were estimated to bring in some £300,000 to £400,000 a year.

[2] The Persian claim was disposed of by Sir Austen Chamberlain in a Note of 18 January 1928. See League of Nations, *Official Journal*, May 1928, pp. 606–7.